

32. No additional construction is necessary for CSWR-Texas to provide service to the requested area.
33. CSWR-Texas has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water Code (TWC), and the TCEQ's rules.
34. CSWR-Texas has the technical and managerial capability to provide continuous and adequate service to the requested area.

Regionalization or Consolidation

35. The construction of a physically separate system is not necessary for CSWR-Texas to serve the requested area. Therefore, concerns of regionalization or consolidation do not apply.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

36. Cassie Water is currently providing service to customers and such service has been continuous and adequate.
37. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At a minimum, an interconnection would need to be installed in order to connect to an adjacent retail public utility.
38. It is not feasible to obtain service from an adjacent retail public utility.
- 39.

Ability to Serve: Financial Ability

40. CSWR, LLC, the immediate parent company of CSWR-Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio that is less than one, satisfying the leverage test.
41. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.

42. CSWR-Texas demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

Financial Assurance

43. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

44. The requested areas will continue to be served with existing infrastructure.
45. There will be minimal effects on environmental integrity and on the land as a result of CSWR Texas's planned upgrades, renovations, and repairs to the water system.

Improvement of Service or Lowering Cost to Customers

46. Reliability and quality of water is expected to improve under CSWR-Texas's management.
47. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR-Texas will adopt the currently in effect tariff for the water system upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(a) through (c).
2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.
3. CSWR-Texas demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC §§ 13.241(a) and 13.301(b).
4. The applicants demonstrated that the sale and transfer of CCN number 11663 and its associated facilities and service area to CSWR-Texas will serve the public interest and is necessary for the continued service, accommodation, convenience, and safety of the public under TWC §§ 13.246(b) and 13.301(d) and (e).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between CSWR-Texas and Cassie Water in this proceeding is approved and may be completed as proposed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period and no extension has been granted, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that CCN number 11663, and the associated facilities and service area, will continue to be held by Cassie Water until the final order or notice of approval is issued in this matter, in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Docket No. 53259

Order No. 8

Page 11 of 11

Signed at Austin, Texas the 14th day of September 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

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**KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE**

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DOCKET NO. 53317

APPLICATION OF CSWR-TEXAS	§	PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY,	§	
LLC AND JUSRYN COMPANY, INC.	§	OF TEXAS
DBA SHADY GROVE SEWER	§	
SYSTEM FOR SALE, TRANSFER, OR	§	
MERGER OF FACILITIES AND	§	
CERTIFICATE RIGHTS IN HOOD	§	
COUNTY	§	

ORDER NO. 6
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for the sale, transfer, or merger of facilities in Hood County. CSWR Texas seeks the sale and transfer of all facilities and service area held under Shady Grove's sewer certificate of convenience and necessity (CCN) number 20767 to CSWR Texas, the cancellation of Shady Gove's sewer CCN number 20767, and the amendment of CSWR Texas's sewer CCN number 21120 to include the area previously included in Shady Grove's sewer CCN number 20767. The administrative law judge (ALJ) approves the transaction between CSWR Texas and Shady Grove and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
2. CSWR Texas operates, maintains, and controls facilities for providing sewer service in Bexar, Hidalgo, Hood, and Parker counties under CCN number 21120.
3. Jusryn Company is a Texas corporation registered with the Texas secretary of state under file number 69144900.

4. Shady Grove operates, maintains, and controls facilities for providing sewer service in Hood County under CCN number 20767.

Application

5. On March 9, 2022, the applicants filed the application at issue in this proceeding.
6. CSWR Texas supplemented the application on March 28 and 31, April 19, May 9, June 14 and June 20, 2022.
7. In the application, the applicants seek approval of the following transaction: (a) CSWR Texas will acquire all of Shady Grove's sewer service area and sewer facilities held under CCN number 20767; (b) Shady Grove's sewer CCN number 20767 will be cancelled; and (c) CSWR Texas's sewer CCN number 21120 will be amended to include the area previously included in Shady Grove's sewer CCN number 20767.
8. The requested water area comprises approximately 17 acres and 10 customer connections.
9. The requested sewer area is located approximately 2.8 miles east of downtown Granbury and is generally bounded on the north by Betty Court; on the east by Cleveland Road; on the south by Acton Highway; and on the west by Davis Road.
10. In Order No. 2 filed on April 14, 2022, the ALJ found the application administratively complete.

Notice

11. On May 4, 2022, CSWR Texas filed the affidavit of Aaron Silas, regulatory case manager of CSWR Texas, attesting that notice was provided to all current customers of Shady Grove, neighboring utilities, and affected parties on April 26, 2022.
12. In Order No. 3 filed on May 25, 2022, the ALJ found the notice sufficient.

Evidentiary Record

13. In Order No. 5 filed on August 8, 2022, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on March 9, 2022; (b) CSWR Texas's first supplement to the application, including confidential attachments, filed on March 28, 2022; (c) CSWR Texas's second supplement to the application filed on March 31, 2022; (d) CSWR Texas's third supplement to the application, including confidential attachments, filed on April 19, 2022; (e) CSWR Texas's proof of notice

including affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on May 4, 2022; (f) CSWR Texas's fourth supplement to the application, including confidential attachments, filed on May 9, 2022; (g) Commission Staff's recommendation on sufficiency of notice filed on May 23, 2022; (h) CSWR Texas's fifth supplement to the application filed on June 14, 2022; (i) CSWR Texas's sixth supplement to the application filed on June 20, 2022; (j) CSWR Texas's response to Commission Staff's first request for information, filed on July 7, 2022; and (k) Commission Staff's recommendation on approval of the transaction, including confidential attachments, filed on July 22, 2022.

Cumulative Recommendation

14. On July 22, 2022, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in this docket and in Docket Nos. 50251,¹ 50276,² 50311,³ 50989,⁴ 51003,⁵ 51026,⁶ 51031,⁷ 51036,⁸ 51047,⁹ 51065,¹⁰ 51089,¹¹ 51118,¹² 51126,¹³ 51130,¹⁴ 51146,¹⁵ 51222,¹⁶ 51544,¹⁷ 51642,¹⁸ 51917,¹⁹ 51928,²⁰ 51940,²¹ 51981,²² 52089,²³ 52099,²⁴ 52410,²⁵ 52661,²⁶ 52700,²⁷ 52702,²⁸ 52803,²⁹ 52879,³⁰ and 52880,³¹ and 53326.³²

¹ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50251, Notice of Approval (Mar. 12, 2021).*

² *Application of North Victoria Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50276, Notice of Approval (Mar. 11, 2021).*

³ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 50311, Notice of Approval (Mar. 17, 2021).*

⁴ *Application of Ranch Country of Texas Water Systems, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County, Docket No. 50989, Notice of Approval (Apr. 23, 2021).*

⁵ *Application of Oak Hill Ranch Estates Water and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Guadalupe and Wilson Counties, Docket No. 51003, Notice of Approval (Sep. 9, 2021).*

⁶ *Application of Tall Pines Utility, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County, Docket No. 51026, Notice of Approval (Apr. 23, 2021).*

⁷ *Application of Council Creek Village, Inc. da Council Creek Village dba South Council Creek 2 and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51031, Notice of Approval (Apr. 14, 2021).*

⁸ *Application of Kathie Lou Daniels dba Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burleson County, Docket No. 51036, Notice of Approval (Aug. 23, 2021).*

⁹ *Application of Jones-Owen Company dba South Silver Creek I, II, and III and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51047, Notice of Approval (Apr. 19, 2021).*

¹⁰ *Application of Treetop Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51065, Corrected Notice of Approval (Mar. 10, 2021).*

¹¹ *Application of Donald E. Wilson dba Quiet Village II dba QV Utility CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hidalgo County, Docket No. 51089, Notice of Approval (Nov. 18, 2021).*

¹² *Application of Shady Oaks Water Supply Company, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wilson County, Docket No. 51118, Notice of Approval (Mar. 18, 2021).*

¹³ *Application of Shawn M. Horvath dba Aero Valley Water Service and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and to Amend CSWR-Texas Utility Operating Company, LLC's Certificate of Convenience and Necessity in Denton County, Docket No. 51126 (pending).*

¹⁴ *Application of Laguna Vista Limited and Laguna Tres, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 51130, Notice of Approval (Apr. 20, 2021).*

¹⁵ *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51146, Notice of Approval (Apr. 23, 2021).*

¹⁶ *Application David Petty, Executor of the Estate of Patetreen Petty McCoy dba Big Wood Springs Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wood County, Docket No. 51222, Notice of Approval (Feb. 16, 2022).*

¹⁷ *Application of Franklin Water Service Co. LLC and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and Certificate Rights in Lubbock County, Docket No. 51544, Notice of Approval (Feb. 15, 2022).*

¹⁸ *Application of James L. Nelson dba WaterCo and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montague County, Docket No. 51642, Notice of Approval (Mar. 15, 2022).*

¹⁹ *Application of Rocket Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and Certificate Rights in Hays County, Docket No. 51917, Notice of Approval (Mar. 8, 2022).*

²⁰ *Application of Betty J. Dragoo and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, or Merger of Facilities and Associated Acreage in Erath County, Docket No. 51928, Notice of Approval (Jan. 21, 2022).*

²¹ *Application of Walnut Bend Water Supply and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer or Merger of Facilities and Certificate Rights in Angelina County, Docket No. 51940, Notice of Approval (Mar. 15, 2022).*

²² *Application of Live Oak Hills and Flag Creek Ranch Water Systems and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano and McCulloch Counties, Docket No. 51981, Notice of Approval (Jan. 28, 2022).*

²³ *Application of Alpha Utility of Camp County, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Camp County, Docket No. 52089, Notice of Approval (Mar. 25, 2022).*

²⁴ *Application of THRC Utility, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County, Docket No. 52099, Corrected Notice of Approval (Jul. 28, 2022).*

²⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Leon Springs Utility Company, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Bexar, Docket No. 52410, Notice of Approval (Jun. 3, 2022).*

²⁶ *Application of Tri-County Point Property Owners Association and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Calhoun and Jackson Counties, Docket No. 52661 (pending).*

²⁷ *Application of RJR Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker and Palo Pinto Counties, Docket No. 52700 (pending).*

Purchaser's Compliance History

1. CSWR Texas has not be under an enforcement action by the Commission, TCEQ, Texas Health and Humas Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
2. CSWR Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
3. CSWR Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

4. Shady Grove currently provides retail sewer service to 10 customer connections in the requested area and such service has been continuous and adequate.
5. There is no evidence that Shady Grove has failed to comply with any Commission or TCEQ order.

Need for Additional Service

6. There is a continuing need for service because Shady Grove is currently serving 10 sewer connections in the requested area.

Effect of Approving the Transaction and Granting the Amendment

7. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR Texas to provide continuous and adequate sewer service to current and future customers in the requested sewer area.

²⁸ *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Saale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702 (Aug. 5, 2022).*

²⁹ *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate rights in Aransas County, Docket No. 52803 (pending).*

³⁰ *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879 (pending).*

³¹ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

³² *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).*

8. Because this application is to transfer only existing facilities, customers, and service areas, there will be no effect on any other retail public utility servicing the proximate area.
9. There will be no effect on landowners as the area is currently certificated.

Ability to Serve: Managerial and Technical

10. CSWR Texas owns and operates numerous sewer systems. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR Texas.
11. CSWR Texas intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the purchased sewer system into compliance with TCEQ regulations and to ensure customers receive safe and reliable service. The needed improvements will begin when the sewer system is officially transferred to CSWR Texas.
12. CSWR Texas employs or contracts with TCEQ-licensed sewer operators who will operate the sewer system.
13. CSWR Texas has the technical and managerial capability to provide continuous and adequate service to the requested areas.

Regionalization or Consolidation

14. The construction of a physically separate system is not necessary for CSWR Texas to serve the requested area. Therefore, concerns of regionalization or consolidation do not apply.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

15. Shady Grove is currently providing sewer service to customers and has sufficient capacity. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability

16. CSWR, LLC, the immediate parent company of CSWR Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio of less than one, satisfying the leverage test.
17. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.

18. CSWR Texas demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

19. There is no need to require CSWR Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

20. The requested area will continue to be served with existing infrastructure.
21. There will be minimal effects on environmental integrity and on the land as a result of CSWR Texas's planned upgrades, renovations, and repairs to the sewer system.

Improvement of Service or Lowering Cost to Consumers

22. Sewer service to the requested area is expected to improve because CSWR Texas intends to address and resolve any regulatory compliance issues and improve the safety and reliability of service.
23. The rates charged to customers in the requested areas will not change as a result of the proposed transaction because CSWR Texas will adopt the currently in effect tariffs for Shady Grove's sewer system upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(1) and 16 Texas Administrative Code (TAC) § 24.239(c).
2. After consideration of the factors in TWC § 13.246(c), CSWR Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
3. It is not necessary for CSWR Texas to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).

4. The applicants have demonstrated that the sale of Shady Grove's facilities to CSWR Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public under TWC § 13.301(d) and (e).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The sale is approved and the transaction between the applicants may be completed as proposed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period and no extension has been granted, this approval is void and the applicants must reapply for approval.
5. The applicants are advised that the requested areas and associated facilities will remain under sewer CCN number 20767 and held by Shady Grove until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was consummated.
7. Within 15 days following the filing of the applicants' proof that the transaction has been consummated and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 25th day of August 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

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KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE

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DOCKET NO. 53429

APPLICATION OF CSWR-TEXAS	§	PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY	§	
LLC AND DEER SPRINGS WATER	§	OF TEXAS
COMPANY FOR SALE, TRANSFER,	§	
OR MERGER OF FACILITIES AND	§	
CERTIFICATE RIGHTS IN BURNET	§	
COUNTY	§	

ORDER NO. 8
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of CSWR-Texas Utility Operating Company, LLC and Deer Springs Water Company for the sale, transfer, or merger of facilities in Burnet County. CSWR-Texas seeks the sale and transfer of all facilities held under Deer Springs' certificate of convenience and necessity (CCN) number 11630 to CSWR-Texas, the addition of 229 acres of uncertificated area that overlays Deer Springs' water system to CSWR-Texas's CCN number 13290, the cancellation of Deer Springs' CCN number 11630, and the amendment of CSWR-Texas's CCN number 13290 to include 229 acres and the facilities previously included in Deer Springs' CCN number 11630. The administrative law judge (ALJ) approves the transaction between CSWR-Texas and Deer Springs and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
2. CSWR-Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Llano, Lubbock, Kerr, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.
3. Deer Springs is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Burnet County under CCN number 11630.

4. Deer Springs owns and operates one public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 0270006.

Application

5. On February 22, 2022, in Docket No. 53259,¹ CSWR-Texas and Cody and Anita Lewis dba Cassie Water Company, Deer Springs Water Company, and Water Works I and II filed an application for sale, transfer, or merger of facilities and certificate rights in Burnet and Llano counties under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.
6. In Order No. 2 filed on April 4, 2022, in Docket No. 53259, the ALJ severed the application into three dockets: Docket Nos. 53259, 53430,² and the present docket, which only includes CSWR-Texas and Deer Springs.
7. In the present application, the applicants seek approval of the following transaction: (a) CSWR-Texas will acquire all of Deer Springs' water facilities held under CCN number 11630; (b) CSWR-Texas will add 229 uncertificated acres that overlay Deer Springs' water system to its CCN number 13290; (c) Deer Springs' CCN number 11630 will be cancelled; and (c) CSWR-Texas's CCN number 13290 will be amended to include 229 acres and the facilities previously included in Deer Springs' CCN number 11630.
8. CSWR-Texas supplemented the application on April 5, 6, 19, and 28, May 9, June 14 and June 20, 2022.
9. The requested area includes approximately 229 acres of uncertificated area and 109 customer connections.
10. The requested area is located approximately 5.3 miles west of downtown Burnet, Texas, and is generally bounded on the north by State Highway 29; on the east by the intersection of State Highway 29 and Yucca Drive; on the south by Williams Road; and on the west by a parallel line approximately 415 feet west of Deer Springs Loop.

¹ *Application of CSWR-Texas Utility Operating Company LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

² *Application of CSWR-Texas Utility Operating Company LLC and Water Works I and II for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano County, Docket No. 53430 (pending).*

11. In Order No. 3 filed on May 9, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

12. On June 13, 2020, CSWR-Texas filed the affidavit of Aaron Silas, regulatory case manager of CSWR-Texas, attesting that notice was provided to all current customers neighboring utilities, and affected parties on June 8, 2022.
13. In Order No. 5 filed on June 28, 2022, the ALJ found notice sufficient.

Evidentiary Record

14. In Order No. 7 filed on August 16, 2022, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed in Docket No. 53259 on February 22, 2022; (b) CSWR-Texas's first supplement to application, including confidential attachment, filed on April 5 and 6, 2022; (c) CSWR-Texas's supplemental attachments F and G to the application, including confidential and highly sensitive attachments, filed on April 19, 2022; (d) CSWR-Texas's third supplement to the application, including confidential attachment, filed on April 28, 2022; (e) Commission Staff's recommendation on administrative completeness filed on May 6, 2022; (f) CSWR-Texas's supplement to the application, including highly sensitive attachment, filed on May 9, 2022; (g) CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential exhibit B, filed on June 13, 2022; (h) CSWR-Texas's supplemental attachment B to the application filed on June 14, 2022; (i) CSWR-Texas's supplemental attachment G-1 to the application filed on June 20, 2022; (j) Commission Staff's recommendation on the sufficiency of notice filed on June 27, 2022; and (k) Commission Staff's recommendation on approval of the sale, including confidential attachments, filed on July 29 and August 4, 2022.

Cumulative Recommendation

15. On August 4, 2022, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR-Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in this docket and in Docket Nos. 50251,³ 50276,⁴ 50311,⁵ 50989,⁶ 51003,⁷ 51026,⁸ 51031,⁹ 51036,¹⁰ 51047,¹¹ 51065,¹² 51089,¹³ 51118,¹⁴ 51126,¹⁵ 51130,¹⁶ 51146,¹⁷ 51222,¹⁸ 51544,¹⁹ 51642,²⁰ 51917,²¹ 51928,²² 51940,²³ 51981,²⁴ 52089,²⁵ 52099,²⁶ 52410,²⁷ 52661,²⁸ 52700,²⁹ 52702,³⁰ 52803,³¹ 52879,³² 52880,³³ 53259,³⁴ 53317,³⁵ 53326,³⁶ and 53430.³⁷

³ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50251, Notice of Approval (Mar. 12, 2021).*

⁴ *Application of North Victoria Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50276, Notice of Approval (Mar. 11, 2021).*

⁵ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 50311, Notice of Approval (Mar. 17, 2021).*

⁶ *Application of Ranch Country of Texas Water Systems, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County, Docket No. 50989, Notice of Approval (Apr. 23, 2021).*

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¹¹ *Application of Jones-Owen Company dba South Silver Creek I, II, and III and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51047, Notice of Approval (Apr. 19, 2021).*

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¹⁴ *Application of Shady Oaks Water Supply Company, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wilson County, Docket No. 51118, Notice of Approval (Mar. 18, 2021).*

¹⁵ *Application of Shawn M. Horvath dba Aero Valley Water Service and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and to Amend CSWR-Texas Utility Operating Company, LLC's Certificate of Convenience and Necessity in Denton County, Docket No. 51126 (pending).*

¹⁶ *Application of Laguna Vista Limited and Laguna Tres, Inc. CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 51130, Notice of Approval (Apr. 20, 2021).*

¹⁷ *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51146, Notice of Approval (Apr. 23, 2021).*

¹⁸ *Application David Petty, Executor of the Estate of Patetreen Petty McCoy dba Big Wood Springs Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wood County, Docket No. 51222, Notice of Approval (Feb. 16, 2022).*

¹⁹ *Application of Franklin Water Service Co. LLC and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and Certificate Rights in Lubbock County, Docket No. 51544, Notice of Approval (Feb. 15, 2022).*

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²⁶ *Application of THRC Utility, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County, Docket No. 52099, Corrected Notice of Approval (Jul. 28, 2022).*

²⁷ *Application of RJR Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Bexar County, Docket No. 52410, Notice of Approval (Jun. 3, 2022).*

²⁸ *Application of Tri-County Point Property Owners Association and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Calhoun and Jackson Counties, Docket No. 52661 (pending).*

²⁹ *Application of RJR Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker and Palo Pinto Counties, Docket No. 52700 (pending).*

CSWR-Texas's Compliance History

16. CSWR-Texas has not been under enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
17. CSWR-Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
18. CSWR-Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

19. There are currently 109 connections in the 229-acre requested area that are being served by Deer Springs through public water system number 0270006, and such service has been continuous.
20. The Commission's complaint records, which date back to 2018, show three complaints against Deer Springs.

³⁰ *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702 (Aug. 5, 2022).*

³¹ *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 52803 (pending).*

³² *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879 (pending).*

³³ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

³⁴ *Application of CSWR-Texas Utility Operating Company, LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

³⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 53317 (pending).*

³⁶ *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).*

³⁷ *Application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano County, Docket No. 53430 (pending).*

Need for Additional Service

21. There is a continuing need for service because Deer Springs currently serves 109 customer connections in the requested area.
22. This is an application to transfer only existing facilities, customers, and service areas. There have been no specific requests for additional service within the 229-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

23. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR-Texas to provide continuous and adequate water service to current and future customers in the requested area.
24. Because this application is to transfer only existing facilities and customers, there will be no effect on any other retail public utility servicing the proximate area.

Ability to Serve: Managerial and Technical

25. CSWR-Texas owns and operates 34 public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
26. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR-Texas.
27. CSWR-Texas employs or contracts with TCEQ-licensed operators who will operate the public water system.
28. No additional construction is necessary for CSWR-Texas to provide service to the requested area.
29. CSWR-Texas has the technical and managerial capability to provide continuous and adequate service to the requested area.

Regionalization or Consolidation

30. The construction of a physically separate system is not necessary for CSWR-Texas to serve the requested area. Therefore, concerns of regionalization or consolidation do not apply.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

31. Deer Springs is currently serving customers and such service has been continuous.

32. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At the minimum, an interconnect would need to be installed in order to connect to a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability

33. CSWR, LLC, the immediate parent company of CSWR-Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio of less than one, satisfying the leverage test.
34. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
35. CSWR-Texas demonstrated the financial and managerial ability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

36. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

37. The requested areas will continue to be served with existing infrastructure.
38. There will be minimal effects on environmental integrity and on the land as a result of CSWR Texas's planned upgrades, renovations, and repairs to the water system.

Improvement of Service or Lowering Cost to Customers

39. Reliability and quality of water is expected to improve under CSWR-Texas's management.
40. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR-Texas will adopt the currently in effect tariff for the water system upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(1) and 16 Texas Administrative Code (TAC) § 24.239(c).
2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
3. It is not necessary for CSWR-Texas to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
4. The applicants demonstrated that the sale of Deer Springs' facilities and addition of 229 acres to CSWR-Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public under TWC § 13.301(d) and (e).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between CSWR-Texas and Deer Springs in this proceeding is approved and may be completed as proposed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period or an extension is not granted, this approval is void and the applicants will have to reapply for approval.

5. The applicants are advised that the requested areas and associated facilities will remain under CCN number 11630 and held by Deer Springs until the sale and transfer transaction is complete in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 13th day of September 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE

DOCKET NO. 53430

APPLICATION OF CSWR-TEXAS	§	PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY	§	
LLC AND WATER WORKS I AND II	§	OF TEXAS
FOR SALE, TRANSFER, OR MERGER	§	
OF FACILITIES AND CERTIFICATE	§	
RIGHTS IN LLANO COUNTY	§	
	§	

ORDER NO. 11
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for the sale, transfer, or merger of facilities and certificate rights in Llano County. CSWR-Texas seeks the sale and transfer of all facilities and service area held under Water Works' certificate of convenience and necessity (CCN) number 11674 to CSWR-Texas, the cancellation of Water Works' CCN number 11674, and the amendment of CSWR-Texas's CCN number 13290 to include the facilities and service area previously included in Water Works' CCN number 11674. The administrative law judge (ALJ) approves the transaction between CSWR-Texas and Water Works and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Water Works is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Llano County under CCN number 11674.
2. Water Works operates two public water systems registered with the Texas Commission on Environmental Quality (TCEQ) as Water Works I Floyd Acres and Water Works II Island Lodges under identification numbers 1500018 and 1500019, respectively.
3. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
4. CSWR-Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Erath,

Guadalupe, Harris, Hays, Hidalgo, Hood, Kerr, Llano, Lubbock, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.

Application

5. On February 22, 2022, in Docket No. 53259,¹ CSWR-Texas and Cody and Anita Lewis dba Cassie Water Company, Deer Springs Water Company, and Water Works I and II filed an application for sale, transfer, or merger of facilities and certificate rights in Burnet and Llano counties under Texas Water Code (TWC) § 13.301 and 16 Texas Administrative Code (TAC) § 24.239.
6. In Order No. 2 filed on April 4, 2022, in Docket No. 53259, the ALJ severed the application into three dockets: Docket Nos. 53259, 53429,² and the present docket, which only includes CSWR-Texas and Water Works.
7. In the present application, the applicants seek approval of the following transaction: (a) CSWR-Texas will acquire all of Water Works' water facilities and service area held under CCN number 11674; (b) Water Works' CCN number 11674 will be cancelled; and (c) CSWR-Texas's CCN number 13290 will be amended to include the facilities and service area previously included in Water Works' CCN number 11674.
8. CSWR-Texas supplemented the application on April 5, 6, 19, and 28, May 9, and June 14 and 20, 2022.
9. The requested areas include approximately 137 acres and 84 customer connections.
10. The Water Works I requested area is located approximately 12.7 miles east of downtown Llano, Texas, and is generally bounded on the north by Lake Buchanan; on the east by Lake Buchanan; on the south by State Highway 261; and on the west by State Highway 261.

¹ *Application of CSWR-Texas Utility Operating Company LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

² *Application of CSWR-Texas Utility Operating Company LLC and Deer Springs Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53429 (pending).*

11. The Water Works II requested area is located approximately 11.8 miles west of downtown Burnet, Texas, and is generally bounded on the north by Lake Buchanan; on the east by Lake Buchanan; on the south by State Highway 29; and on the west by Lake Buchanan.
12. In Order No. 3 filed on May 9, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

13. On June 6, 2022, CSWR-Texas filed the affidavit of Aaron Silas, regulatory case manager of CSWR-Texas, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on May 23, 2022.
14. In Order No. 4 filed on June 23, 2022, the ALJ found notice sufficient.

Intervention

15. In Order No. 7 filed on July 12, 2022, the ALJ granted the motion to intervene filed by Mark Blankenship, limited to his capacity as a customer of Water Works.
16. On August 23, 2022, Mark Blankenship filed a request to withdraw his intervention.
17. In Order No. 9 filed on August 26, 2022, the ALJ granted Mr. Blankenship's request to withdraw his intervention and he was dismissed from this proceeding.

Evidentiary Record

18. In Order No. 10 filed on August 30, 2022, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on February 22, 2022, in Docket No. 53249; (b) CSWR-Texas's supplements to the application, including all confidential attachments, filed on April 5, 6, 19, and 28, May 9, and June 14 and 20, 2022; (c) Commission Staff's recommendation on administrative completeness filed on May 6, 2022; (d) CSWR-Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential exhibit B, filed on June 6, 2022; (e) CSWR-Texas's letter regarding proof of notice filed on June 17, 2022; (f) Commission Staff's recommendation on sufficiency of notice filed on June 22, 2022; (g) CSWR-Texas's response to motion to intervene filed on June 24, 2022; (h) Commission Staff's response to Order No. 5 filed on July 8, 2022; and (i) Commission Staff's recommendation on the transaction, including confidential attachments, filed on July 29, 2022.

Cumulative Recommendation

19. On July 29, 2022, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR-Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in this docket and in Docket Nos. 50251,³ 50276,⁴ 50311,⁵ 50989,⁶ 51003,⁷ 51026,⁸ 51031,⁹ 51036,¹⁰ 51047,¹¹ 51065,¹² 51089,¹³ 51118,¹⁴ 51126,¹⁵ 51130,¹⁶ 51146,¹⁷ 51222,¹⁸ 51544,¹⁹ 51642,²⁰ 51917,²¹ 51928,²² 51940,²³ 51981,²⁴ 52089,²⁵ 52099,²⁶ 52410,²⁷ 52661,²⁸ 52700,²⁹ 52702,³⁰ 52803,³¹ 52879,³² 52880,³³ 53259,³⁴ 53317,³⁵ 53326,³⁶ and 53429.³⁷

³ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50251, Notice of Approval (Mar. 12, 2021).*

⁴ *Application of North Victoria Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50276, Notice of Approval (Mar. 11, 2021).*

⁵ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 50311, Notice of Approval (Mar. 17, 2021).*

⁶ *Application of Ranch Country of Texas Water Systems, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County, Docket No. 50989, Notice of Approval (Apr. 23, 2021).*

⁷ *Application of Oak Hill Ranch Estates Water and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Guadalupe and Wilson Counties, Docket No. 51003, Notice of Approval (Aug. 9, 2021).*

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¹⁰ *Application of Kathie Lou Daniels dba Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burleson County, Docket No. 51036, Notice of Approval (Aug. 23, 2021).*

¹¹ *Application of Jones-Owen Company dba South Silver Creek I, II, and III and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51047, Notice of Approval (Apr. 19, 2021).*

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¹³ *Application of Donald E. Wilson dba Quiet Village II dba QV Utility and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hidalgo County, Docket No. 51089, Notice of Approval (Nov. 18, 2021).*

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¹⁷ *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51146, Notice of Approval (Apr. 23, 2021).*

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¹⁹ *Application of Franklin Water Service Co. LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Lubbock County, Docket No. 51544, Notice of Approval (Feb. 15, 2022).*

²⁰ *Application of James L. Nelson dba WaterCo and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montague County, Docket No. 51642, Notice of Approval (Mar. 15, 2022).*

²¹ *Application of Rocket Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, Or Merger of Facilities and Certificate Rights in Hays County, Docket No. 51917, Notice of Approval (Mar. 8, 2022).*

²² *Application of Betty J. Dragoo and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Associated Acreage in Erath County, Docket No. 51928, Notice of Approval (Jan. 21, 2022).*

²³ *Application of Walnut Bend Water Supply and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer or Merger of Facilities and Certificate Rights in Angelina County, Docket No. 51940, Notice of Approval (Mar. 15, 2022).*

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²⁶ *Application of THRC Utility, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County, Docket No. 52099, Corrected Notice of Approval (Jul. 28, 2022).*

²⁷ *Application of CSWR-Texas Utility Operating Company, LLC and Leon Springs Utility Co., Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Bexar County, Docket No. 52410, Notice of Approval (June 3, 2022).*

²⁸ *Application of Tri-County Point Property Owners Association and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Calhoun and Jackson Counties, Docket No. 52661 (pending).*

²⁹ *Application of RJR Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker and Palo Pinto Counties, Docket No. 52700 (pending).*

Purchaser's Compliance History

20. CSWR-Texas has not been under enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
21. CSWR-Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
22. CSWR-Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

23. There are currently 84 connections in the 137-acre requested areas that are being served by Water Works through public water system numbers 1500018 and 1500019, and such service has been continuous and adequate.
24. There is no evidence in the record that Water Works has failed to comply with any Commission or TCEQ order.

³⁰ *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702, Notice of Approval (Aug. 5, 2022).*

³¹ *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 52803 (pending).*

³² *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879 (pending).*

³³ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

³⁴ *Application of CSWR-Texas Utility Operating Company, LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

³⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 53317 (pending).*

³⁶ *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).*

³⁷ *Application of CSWR-Texas Utility Operating Company LLC and Deer Springs Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53429 (pending).*

Need for Additional Service

25. There is a continuing need for service because Water Works currently serves 84 customer connections in the requested areas.
26. This is an application to transfer only existing facilities, customers, and service areas. There have been no specific requests for additional service within the 137-acre requested areas.

Effect of Approving the Transaction and Granting the Amendment

27. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR-Texas to provide continuous and adequate water service to current and future customers in the requested areas.
28. There will be no effect on landowners because the requested areas are currently certificated.
29. Because this application is to transfer only existing facilities, customers, and service areas, there will be no effect on any other retail public utility servicing the proximate area.

Ability to Serve: Managerial and Technical

30. CSWR-Texas owns and operates 34 public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
31. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR-Texas.
32. CSWR-Texas employs or contracts with TCEQ-licensed operators who will operate the public water system.
33. No additional construction is necessary for CSWR-Texas to provide service to the requested areas.
34. CSWR-Texas has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water Code (TWC), and the TCEQ's rules.
35. CSWR-Texas has the technical and managerial capability to provide continuous and adequate service to the requested areas.

Regionalization or Consolidation

36. The construction of a physically separate system is not necessary for CSWR-Texas to serve the requested areas. Therefore, concerns of regionalization or consolidation do not apply.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

37. Water Works is currently serving customers and such service has been continuous and adequate.
38. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At a minimum, an interconnection would need to be installed in order to connect to a neighboring retail public utility.
39. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability

40. CSWR, LLC, the immediate parent company of CSWR-Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio of less than one, satisfying the leverage test.
41. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
42. CSWR-Texas demonstrated the financial capability and stability to provide continuous and adequate service to the requested areas.

Financial Assurance

43. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

44. The requested areas will continue to be served with existing infrastructure.
45. There will be minimal effects on environmental integrity and on the land as a result of CSWR-Texas's planned upgrades, renovations, and repairs to the water systems.

Improvement of Service or Lowering Cost to Customers

46. Reliability and quality of water is expected to improve under CSWR-Texas's management.
47. The rates charged to customers in the requested areas will not change as a result of the proposed transaction because CSWR-Texas will adopt the currently in effect tariff for the water system upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239 (c).
2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested areas as required by TWC §§ 13.241(a), 13.251, and 13.301(b) and 16 TAC § 24.239(e).
3. The applicants demonstrated that the sale of CCN number 11674 and its associated facilities and service area to CSWR-Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public under TWC §13.301(d) and (e).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between CSWR-Texas and Water Works in this proceeding is approved and may be completed as proposed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.

4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period or an extension is not granted, this approval is void and the applicants must reapply for approval.
5. The applicants are advised that the requested areas and associated facilities will remain under water CCN number 11674 and held by Water Works until the final order or notice of approval is issued in this matter, in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 22nd day of September 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE

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DOCKET NO. 53456

APPLICATION OF CSWR-TEXAS	§	PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY	§	
LLC AND LAKE LIMESTONE COVES	§	OF TEXAS
WATER SYSTEM, INC. FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN LIMESTONE AND	§	
ROBERTSON COUNTIES	§	

ORDER NO. 5
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Lake Limestone Coves Water System, Inc. and CSWR-Texas Utility Operating Company, LLC for the sale, transfer, or merger of facilities in Limestone and Robertson counties. CSWR Texas seeks the sale and transfer of all facilities and service area held under Lake Limestone's certificate of convenience and necessity (CCN) number 11909 to CSWR Texas, the cancellation of Lake Limestone's CCN number 11909, and the amendment of CSWR Texas's CCN number 13290 to include the area previously included in Lake Limestone's CCN number 11909. The administrative law judge (ALJ) approves the transaction between Lake Limestone and CSWR Texas and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Lake Limestone is a Texas corporation registered with the Texas secretary of state under file number 105759100.
2. Lake Limestone is an investor-owned utility that operates, maintains, and controls facilities for providing water service to customers in Limestone and Robertson counties under CCN number 11909.

3. Lake Limestone owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) as Lake Limestone Coves Water System, public water system number identification number 1980020.
4. CSWR Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
5. CSWR Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Llano, Lubbock, Kerr, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.

Application

6. On April 6, 2022, the applicants filed the application at issue in this proceeding.
7. CSWR Texas supplemented the application on April 19, May 9, and June 14 and 20, 2022.
8. In the application, the applicants seek approval of the following transaction: (a) CSWR Texas will acquire all of Lake Limestone's water facilities and water service area under water CCN number 11909; (b) Lake Limestone's water CCN number 11909 will be cancelled; and (c) CSWR Texas's water CCN number 13290 will be amended to include the area previously included in Lake Limestone's water CCN number 11909.
9. The requested area comprises approximately 576 acres and 424 connections.
10. The requested area is located approximately 14 miles southeast of downtown Thornton, Texas, and is generally bounded on the north by Lake Limestone; on the east by Lake Limestone; on the south by Lake Limestone; and on the west by the intersection of County Road 740 and County Road 742.
11. In Order No. 2 filed on May 11, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

12. On May 26, 2022, CSWR Texas filed the affidavit of Aaron Silas, regulatory case manager for CSWR Texas, attesting that notice was provided to all current customers of Lake Limestone, neighboring utilities, and affected parties on May 19, 2022.

13. In Order No. 3 filed on July 1, 2022, the ALJ found the notice sufficient.

Evidentiary Record

14. In Order No. 4 filed on August 19, 2022, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on April 6, 2022; (b) CSWR Texas's supplements to the application, including confidential attachments, filed on April 19, May 9, and June 14 and 20, 2022; (c) Commission Staff's recommendation on administrative completeness, notice, and proposed procedural schedule filed on May 6, 2022; (d) CSWR Texas's affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential Exhibit B, filed on May 26, 2022; (e) Commission Staff's recommendation on sufficiency of notice, filed on June 29, 2022; and (f) Commission Staff's recommendation on the transaction, including confidential attachments, filed on August 1, 2022.

Cumulative Recommendation

15. On August 1, 2022, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in this docket and in Docket Nos. 50251,¹ 50276,² 50311,³ 50989,⁴ 51003,⁵ 51026,⁶ 51031,⁷ 51036,⁸ 51047,⁹ 51065,¹⁰ 51089,¹¹ 51118,¹² 51126,¹³ 51130,¹⁴ 51146,¹⁵ 51222,¹⁶ 51544,¹⁷ 51642,¹⁸ 51917,¹⁹ 51928,²⁰ 51940,²¹ 51981,²² 52089,²³ 52099,²⁴ 52410,²⁵ 52661,²⁶ 52700,²⁷ 52702,²⁸ 52803,²⁹ 52879,³⁰ 52880,³¹ 53259,³² 53317,³³ 53326,³⁴ 53429³⁵ and 53430.³⁶

¹ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50251, Notice of Approval (Mar. 12, 2021).*

² *Application of North Victoria Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50276, Notice of Approval (Mar. 11, 2021).*

³ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 50311, Notice of Approval (Mar. 17, 2021).*

⁴ *Application of Ranch Country of Texas Water Systems, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County, Docket No. 50989, Notice of Approval (Apr. 23, 2021).*

⁵ *Application of Oak Hill Ranch Estates Water and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Guadalupe and Wilson Counties, Docket No. 51003, Notice of Approval (Aug. 9, 2021).*

⁶ *Application of Tall Pines Utility, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County, Docket No. 51026, Notice of Approval (Apr. 23, 2021).*

⁷ *Application of Council Creek Village, Inc. dba Council Creek Village dba South Council Creek 2 and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51031, Notice of Approval (Apr. 14, 2021).*

⁸ *Application of Kathie Lou Daniels dba Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burleson County, Docket No. 51036, Notice of Approval (Aug. 23, 2021).*

⁹ *Application of Jones-Owen Company dba South Silver Creek I, II, and III and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51047, Notice of Approval (Apr. 19, 2021).*

¹⁰ *Application of Treetop Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51065, Corrected Notice of Approval (Mar. 10, 2021).*

¹¹ *Application of Donald E. Wilson dba Quiet Village II dba QV Utility and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hidalgo County, Docket No. 51089, Notice of Approval (Nov. 18, 2021).*

¹² *Application of Shady Oaks Water Supply Company, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wilson County, Docket No. 51118, Notice of Approval (Mar. 18, 2021).*

¹³ *Application of Shawn M. Horvath dba Aero Valley Water Service and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and to Amend CSWR-Texas Utility Operating Company, LLC's Certificate of Convenience and Necessity in Denton County, Docket No. 51126 (pending).*

¹⁴ *Application of Laguna Vista Limited and Laguna Tres, Inc. CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 51130, Notice of Approval (Apr. 20, 2021).*

¹⁵ *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51146, Notice of Approval (Apr. 23, 2021).*

¹⁶ *Application of David Petty, Executor of the Estate of Patetreen Petty McCoy dba Big Wood Springs Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wood County, Docket No. 51222, Notice of Approval (Feb. 16, 2022).*

¹⁷ *Application of Franklin Water Service Co. LLC and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and Certificate Rights in Lubbock County, Docket No. 51544, Notice of Approval (Feb. 15, 2022).*

¹⁸ *Application of James L. Nelson dba WaterCo and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montague County, Docket No. 51642, Notice of Approval (Mar. 15, 2022).*

¹⁹ *Application of Rocket Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, Or Merger of Facilities and Certificate Rights in Hays County, Docket No. 51917, Notice of Approval (Mar. 8, 2022).*

²⁰ *Application of Betty J. Dragoo and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, or Merger of Facilities and Associated Acreage in Erath County, Docket No. 51928, Notice of Approval (Jan. 21, 2022).*

²¹ *Application of Walnut Bend Water Supply and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer or Merger of Facilities and Certificate Rights in Angelina County, Docket No. 51940, Notice of Approval (Mar. 15, 2022).*

²² *Application of Live Oak Hills and Flag Creek Ranch Water Systems and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano and McCulloch Counties, Docket No. 51981, Notice of Approval (Jan. 28, 2022).*

²³ *Application of Alpha Utility of Camp County, LLC and CSWR-Texas utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Camp County, Docket No. 52089, Notice of Approval (Mar. 25, 2022).*

²⁴ *Application of THRC Utility, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County, Docket No. 52099, Corrected Notice of Approval (Jul. 28, 2022).*

²⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Leon Springs Utility Company, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Bexar County, Docket No. 52410, Notice of Approval (June 3, 2022).*

²⁶ *Application of Tri-County Point Property Owners Association and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Calhoun and Jackson Counties, Docket No. 52661 (pending).*

Purchaser's Compliance History

16. CSWR Texas has not be under an enforcement action by the Commission, TCEQ, Texas Health and Humas Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
17. CSWR Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
18. CSWR Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

²⁷ *Application of RJR Water Company Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker and Palo Pinto Counties, Docket No. 52700 (pending).*

²⁸ *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702, Notice of Approval (Aug. 5, 2022).*

²⁹ *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate rights in Aransas County, Docket No. 52803 (pending).*

³⁰ *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879 (pending).*

³¹ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

³² *Application of CSWR-Texas Utility Operating Company, LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

³³ *Application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 53317 (pending).*

³⁴ *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).*

³⁵ *Application of CSWR-Texas Utility Operating Company LLC and Deer Springs Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53429 (pending).*

³⁶ *Application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano County, Docket No. 53430 (pending).*

Adequacy of Existing Service

19. There are currently 424 connections in the 576-acre requested area that are being served by Lake Limestone through public water system number 1980020, and such service has been continuous and adequate.
20. There is no evidence that Lake Limestone has failed to comply with any Commission or TCEQ order.

Need for Additional Service

21. There is a continuing need for service because Lake Limestone is currently serving 424 connections in the requested area.
22. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the 576-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

23. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR Texas to provide continuous and adequate water service to current and future customers in the 576-acre requested area.
24. Because this application is to transfer only existing facilities, customers, and service area, there will be no effect on any other retail public utility servicing the proximate area.
25. There will be no effect on landowners as the area is currently certificated.

Ability to Serve: Managerial and Technical

26. CSWR Texas owns and operates 34 public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
27. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR Texas.
28. CSWR Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
29. No additional construction is necessary for CSWR Texas to provide service to the requested areas.

30. CSWR Texas has the technical and managerial capability to provide adequate and continuous service to the requested area.

Regionalization or Consolidation

31. The construction of a physically separate system is not necessary for CSWR Texas to serve the requested area. Therefore, concerns of regionalization or consolidation do not apply.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

32. Lake Limestone is currently serving customers and has sufficient capacity. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At a minimum, an interconnect would need to be installed in order to connect to a neighboring retail public utility. Therefore, it is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability

33. CSWR, LLC, the immediate parent company of CSWR Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio of less than one, satisfying the leverage test.
34. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
35. CSWR Texas demonstrated the financial and managerial capability and stability to provide continuous and adequate service to the requested area.

Financial Assurance

36. There is no need to require CSWR Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Voluntary Valuation of Acquired Utility or Facilities

37. Prior to filing the application, CSWR Texas and Lake Limestone filed a notice to the Commission in Project No. 49859³⁷ of their intent to use the Commission's fair market value (FMV) process to determine the ratemaking rate base of Lake Limestone's water system assets to be acquired by CSWR Texas.
38. CSWR Texas included copies of the three appraisal reports required by the FMV process with the application and evidence of the purchase price agreed upon between CSWR Texas and Lake Limestone.
39. The agreed upon purchase price for the transaction is identified in confidential attachment EB-1 to Commission Staff's Recommendation on the Transaction.
40. The average of the three appraisals yields a purchase price of less than the FMV of Lake Limestone's water system; therefore, the ratemaking rate base for Lake Limestone's water system is the agreed upon purchase price for the transaction identified in attachment EB-1 to Commission Staff's Recommendation on the Transaction.
41. The application included CSWR Texas's known and estimated transaction and closing costs.
42. No additional conditions for the acquisition based on the FMV process are needed.

Environmental Integrity and Effect on the Land

43. The requested area will continue to be served with existing infrastructure.
44. There will be minimal effects on environmental integrity and on the land as a result of CSWR Texas's planned upgrades, renovations, and repairs to the water system.

Improvement of Service or Lowering Cost to Consumers

45. Water service to the requested area is expected to improve because CSWR Texas intends to address and resolve regulatory compliance issues and improve the safety and reliability of service.

³⁷ Notice of Intent to Determine Fair Market Value, Docket No. 49859, Item No. 23 (Apr. 8, 2021).

46. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR Texas will adopt the currently in effect tariff for the Lake Limestone's water system upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with Texas Water Code (TWC) §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(c).
2. After consideration of the factors in TWC § 13.246(c), CSWR Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC § 13.301(b) and 16 TAC § 24.239(e).
3. It is not necessary for CSWR Texas to provide bond or other financial assurance under TWC §§ 13.246(d) and 13.301(c).
4. The applicants have demonstrated that the sale of Lake Limestone's facilities to CSWR Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public under TWC § 13.301(d) and (e).
5. The Commission's executive director selected three utility valuation experts to perform appraisal of Lake Limestone in compliance with TWC § 13.305(c)(2) and 16 TAC § 24.238(e).
6. The application included copies of the three appraisal reports completed by the utility valuation experts as required by TWC § 13.305(h)(1) and 16 TAC § 24.239(d)(1)(A).
7. The application included the purchase price agreed to by CSWR Texas and Lake Limestone as required by TWC § 13.305(h)(2) and 16 TAC § 24.239(d)(1)(B).
8. The calculation of the fair market valuation for Lake Limestone complies with TWC § 13.305(f) and 16 TAC § 24.238(f)-(j).
9. The calculation of the ratemaking rate base for Lake Limestone complies with TWC § 13.305(g) and 16 TAC § 24.238(b)(4).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between the applicants in this proceeding is approved and may be completed as proposed.
2. The ratemaking rate base for Lake Limestone is determined to be the agreed upon purchase price for the transaction is identified in the highly sensitive attachment EB-1 to Commission Staff's recommendation on the transaction.
3. CSWR Texas may seek to include in its rate base its transaction and closing costs for the acquisition of Lake Limestone water system in a future rate case.
4. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
5. The applicants have 180 days from the date of this Order to complete the transaction.
6. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period, or an extension is not granted, this approval is void and the applicants must reapply for approval.
7. The applicants are advised that the requested areas and associated facilities will remain under water CCN number 11909 and held by Lake Limestone until the sale and transfer transaction is complete, in accordance with Commission rules.
8. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
9. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 1st day of September 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, reading "Katie Moore Marx". The signature is written in a cursive, flowing style. Below the signature is a solid horizontal line.

KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE

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DOCKET NO. 53483

APPLICATION OF CSWR-TEXAS	§	PUBLIC UTILITY COMMISSION
UTILITY OPERATING COMPANY,	§	
LLC AND NORTH ORANGE WATER	§	OF TEXAS
& SEWER, LLC FOR SALE,	§	
TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN ORANGE COUNTY	§	

ORDER NO. 5
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of CSWR-Texas Utility Operating Company, LLC and North Orange Water & Sewer, LLC for the sale, transfer, or merger of facilities in Orange County. The applicants seek the sale and transfer of all facilities and service areas held under North Orange's water certificates of convenience and necessity (CCN) numbers 11511 and 11642 and sewer CCN numbers 20564 and 20548 to CSWR-Texas; the cancellation of North Orange's CCN numbers 11511, 11642, 20564, and 20548; and the amendment of CSWR-Texas's water CCN number 13290 and sewer CCN number 21120 to include the area previously included in North Orange's CCN numbers 11511, 11642, 20564, and 20548. The administrative law judge (ALJ) approves the transaction between CSWR-Texas and North Orange and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. North Orange is a Texas limited liability company registered with the Texas secretary of state under file number 704601622.
2. North Orange operates, maintains, and controls facilities for providing water and sewer service to customers in Orange County under water CCN numbers 11511 and 11642 and sewer CCN numbers 20564 and 20548.
3. North Orange owns and operates two public water systems registered with the Texas Commission on Environmental Quality (TCEQ) as Longford Place Water System, public

water system number 1810015, and Country Squire Water & Sewer, public water system number 1810060.

4. North Orange owns and operates two wastewater treatment plants registered with the TCEQ as Longford Place Wastewater Treatment Plant, under Texas Pollutant Discharge Elimination System permit number WQ0011155001, and Country Squire Wastewater Treatment Plant, under Texas Pollutant Discharge Elimination System permit number WQ0011589001.
5. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
6. CSWR-Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Kerr, Llano, Lubbock, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.
7. CSWR-Texas operates, maintains, and controls facilities for providing sewer service in Bexar, Hidalgo, Hood, Navarro, and Parker counties under CCN number 21120.

Application

8. On April 12, 2022, the applicants filed the application at issue in this proceeding.
9. CSWR-Texas supplemented the application on April 27, May 9, and June 14 and 20, 2022.
10. In the application, the applicants seek approval of the following transaction: (a) CSWR-Texas will acquire all of North Orange's water and sewer facilities and service areas under CCN numbers 11511, 11642, 20564, and 20548; (b) North Orange's CCN numbers 11511, 11642, 20564, and 20548 will be cancelled; and (c) CSWR-Texas's water CCN number 13290 and sewer CCN number 21120 will be amended to include the areas previously included in North Orange's CCN numbers 11511, 11642, 20564, and 20548.
11. The requested areas include approximately 299 acres and 346 customer connections.
12. The Country Squire Subdivision requested area is located approximately six miles north of downtown Orange and is generally bounded on the north by a line approximately 167 feet north of and parallel to Buckingham Drive; on the east by Sabine River & Northern

Railroad; on the south by the intersection of State Highway 87 and Little Cypress Road; and on the west by Little Cypress Bayou.

13. The Longford Place Subdivision requested area is located approximately 4.8 miles north of downtown Orange and is generally bounded on the north by approximately 167 feet north of Finwick Road; on the east by Sweetgum Road; on the south by Dawnwood Drive; and on the west by State Highway 87.
14. In Order No. 2 filed on May 19, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

15. On June 13, 2022, CSWR-Texas filed the affidavit of Russell Mitten, general counsel for CSWR-Texas, attesting that notice was provided to all current customers of North Orange, neighboring utilities, and affected parties on May 31, 2022.
16. In Order No. 3 filed on June 24, 2022, the ALJ found the notice sufficient.
17. On July 19, 2022, CSWR-Texas filed the supplemental affidavit of Aaron Silas, Regulatory Case Manager of CSWR-Texas, attesting that additional notice was provided to all current customers of North Orange, neighboring utilities, and affected parties on July 7, 2022.
18. On July 19, 2022, CSWR-Texas filed a publisher's affidavit attesting to the publication of notice in the *Orange Leader*, a newspaper of general circulation in Orange County, on July 9 and 16, 2022.

Evidentiary Record

19. In Order No. 4 filed on September 23, 2022, the ALJ admitted the following evidence into the record: (a) the application and all attachments filed on April 12, 2022; (b) CSWR-Texas' supplements to the application, including all attachments, filed on April 27, May 9, and June 14 and 20, 2022; (c) Commission Staff's recommendation on administrative completeness, notice, and proposed procedural schedule filed on May 12, 2022; (d) CSWR-Texas' proof of notice and affidavit of notice to current customers, neighboring utilities, and affected parties, including attachment, filed on June 13, 2022; (e) Commission Staff's recommendation on sufficiency of notice filed on June 22, 2022; (f) CSWR-Texas' supplemental proof of notice and attachment filed on July 19, 2022; and

(g) Commission Staff's recommendation on the transaction and confidential attachment filed on August 30, 2022.

Cumulative Recommendation

20. On August 30, 2022, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR-Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in this docket and in Docket Nos. 50251,¹ 50276,² 50311,³ 50989,⁴ 51003,⁵ 51026,⁶ 51031,⁷ 51036,⁸ 51047,⁹ 51065,¹⁰ 51089,¹¹ 51118,¹² 51126,¹³ 51130,¹⁴ 51146,¹⁵ 51222,¹⁶ 51544,¹⁷ 51642,¹⁸ 51917,¹⁹ 51928,²⁰ 51940,²¹ 51981,²² 52089,²³ 52099,²⁴ 52410,²⁵ 52661,²⁶ 52700,²⁷ 52702,²⁸ 52803,²⁹ 52879,³⁰ 52880,³¹ 53238,³² 53259,³³ 53317,³⁴ 53326,³⁵ 53429,³⁶ 53430,³⁷ 53456,³⁸ and 53607.³⁹

¹ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50251, Notice of Approval (Mar. 12, 2021).*

² *Application of North Victoria Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50276, Notice of Approval (Mar. 11, 2021).*

³ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 50311, Notice of Approval (Mar. 17, 2021).*

⁴ *Application of Ranch Country of Texas Water Systems, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County, Docket No. 50989, Notice of Approval (Apr. 23, 2021).*

⁵ *Application of Oak Hill Ranch Estates Water and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Guadalupe and Wilson Counties, Docket No. 51003, Notice of Approval (Aug. 9, 2021).*

⁶ *Application of Tall Pines Utility, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County, Docket No. 51026, Notice of Approval (Apr. 23, 2021).*

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⁸ *Application of Kathie Lou Daniels dba Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burleson County, Docket No. 51036, Notice of Approval (Aug. 23, 2021).*

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¹⁶ *Application of David Petty, Executor of the Estate of Patetreen Petty McCoy dba Big Wood Springs Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wood County, Docket No. 51222, Notice of Approval (Feb. 16, 2022).*

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²³ *Application of Alpha Utility of Camp County, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Camp County, Docket No. 52089, Notice of Approval (Mar. 25, 2022).*

²⁴ *Application of THRC Utility, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County, Docket No. 52099, Corrected Notice of Approval (Jul. 28, 2022).*

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²⁶ *Application of Tri-County Point Property Owners Association and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Calhoun and Jackson Counties, Docket No. 52661 (pending).*

Purchaser's Compliance History

21. CSWR-Texas has not been under an enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
22. CSWR-Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.

²⁷ *Application of RJR Water Company Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker and Palo Pinto Counties, Docket No. 52700 (pending).*

²⁸ *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702, Notice of Approval (Aug. 5, 2022).*

²⁹ *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 52803 (pending).*

³⁰ *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879 (pending).*

³¹ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

³² *Application of Simply Aquatics, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montgomery, Sabine, and San Augustine Counties, Docket No. 53238 (pending).*

³³ *Application of CSWR-Texas Utility Operating Company, LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

³⁴ *Application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 53317 (pending).*

³⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).*

³⁶ *Application of CSWR-Texas Utility Operating Company LLC and Deer Springs Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53429 (pending).*

³⁷ *Application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano County, Docket No. 53430 (pending).*

³⁸ *Application of CSWR-Texas Utility Operating Company LLC, LLC and Lake Limestone Coves Water System, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Limestone and Robertson Counties, Docket No. 53456 (pending).*

³⁹ *Application of Chaparral Water System and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Gillespie County, Docket No. 53607 (pending).*

23. CSWR-Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

24. There are currently 346 customer connections in the 299-acre requested areas that are being served by North Orange through public water system numbers 1810015 and 1810060 and Texas Pollutant Discharge Elimination System permit numbers WQ0011155001 and WQ0011589001 and such service has been adequate.
25. North Orange's public water system numbers 1810015 and 1810060 and Texas Pollutant Discharge Elimination System permit numbers WQ0011155001 and WQ0011589001 all have violations in the TCEQ database.
26. The Commission's complaint records, which date back to 2017, show six complaints against North Orange. All the complaints have been closed by the Commission's Customer Protection Division.
27. There is no evidence in the record that North Orange has failed to comply with any Commission or TCEQ order.

Need for Additional Service

28. There is a continuing need for service because North Orange currently serves 346 customer connections in the requested areas.
29. This is an application to transfer only existing facilities, customers, and service area. There have been no specific requests for additional service within the requested areas.

Effect of Approving the Transaction and Granting the Amendment

30. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR-Texas to provide continuous and adequate water service to current and future customers in the requested areas.
31. There will be no effect on landowners because the requested areas are currently certificated.
32. Because this application is to transfer only existing facilities, customers, and service areas, there will be no effect on any other retail public utility servicing the proximate area.

Ability to Serve: Managerial and Technical

33. CSWR-Texas owns and operates several public water systems and wastewater systems registered with the TCEQ.
34. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR-Texas.
35. CSWR-Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
36. No additional construction is necessary for CSWR-Texas to provide service to the requested areas.
37. CSWR-Texas has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water Code (TWC), and the TCEQ's rules.
38. CSWR-Texas has the technical and managerial capability to provide adequate and continuous service to the requested areas.

Regionalization or Consolidation

39. The construction of a physically separate system is not necessary for CSWR-Texas to serve the requested areas. Therefore, concerns of regionalization or consolidation do not apply.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

40. North Orange is currently serving customers and has sufficient capacity.
41. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At a minimum, an interconnect would need to be installed in order to connect to a neighboring retail public utility.
42. It is not feasible to obtain service from an adjacent retail public utility.

Ability to Serve: Financial Ability

43. CSWR, LLC, the immediate parent company of CSWR-Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio of less than one, satisfying the leverage test.

44. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
45. CSWR-Texas demonstrated the financial and managerial capability and stability to provide continuous and adequate service to the requested areas.

Financial Assurance

46. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

47. The requested areas will continue to be served with existing infrastructure.
48. There will be minimal effects on environmental integrity and on the land as a result of CSWR-Texas's planned upgrades, renovations, and repairs to the water system.

Improvement of Service or Lowering Cost to Consumers

49. Water and wastewater service to the requested areas is expected to improve because CSWR-Texas intends to address and resolve regulatory compliance issues and improve the safety and reliability of service.
50. The rates charged to customers in the requested areas will not change as a result of the proposed transaction because CSWR-Texas will adopt the currently in effect tariff for the North Orange's water system upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(c).
2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas has demonstrated adequate financial, managerial, and technical capability for providing continuous and

adequate service to the requested areas as required by TWC § 13.241(a), 13.251, and 13.301(b) and 16 TAC § 24.239(e).

3. The applicants have demonstrated that the sale of North Orange's facilities and service area to CSWR-Texas will serve the public interest and is necessary for the service, accommodation, convenience, and safety of the public under TWC § 13.301(d) and (e).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between CSWR-Texas and North Orange in this proceeding is approved and may be completed as proposed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been consummated and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period, or an extension is not granted, this approval is void and the applicants must reapply for approval.
5. The applicants are advised that the requested areas and associated facilities will remain under water CCN numbers 11511 and 11642 and sewer CCN numbers 20564 and 20548 and held by North Orange until the final order or notice of approval is issued in this matter, in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Docket No. 53483

Order No. 5

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Signed at Austin, Texas the 4th day of October 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, reading "Katie Moore Marx". The signature is written in a cursive, flowing style.

KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE

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DOCKET NO. 53538

APPLICATION OF AMBERWOOD	§	PUBLIC UTILITY COMMISSION
UTILITY AND CSWR-TEXAS UTILITY	§	
OPERATING COMPANY, LLC FOR	§	OF TEXAS
SALE, TRANSFER, OR MERGER OF	§	
FACILITIES AND CERTIFICATE	§	
RIGHTS IN HARRIS COUNTY	§	

ORDER NO. 6
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Amberwood Utility Co. and CSWR-Texas Utility Operating Company, LLC for approval of the sale, transfer, or merger of facilities and certificate rights in Harris County. The applicants seek approval of the sale and transfer of Amberwood's facilities and service areas held under water certificate of convenience and necessity (CCN) number 12163 to CSWR-Texas, the cancellation of Amberwood's CCN number 12163, and the amendment of CSWR-Texas's CCN number 13290 to include the areas previously held under Amberwood's CCN number 12163. The administrative law judge (ALJ) approves the transaction between Amberwood and CSWR-Texas and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Amberwood is an investor-owned utility.
2. Amberwood holds CCN number 12163 which obligates it to provide retail water service in its certificated service area in Harris County.
3. Amberwood owns a public water system registered with the Texas Commission on Environmental Quality (TCEQ) as Amberwood Subdivision, public water system number 1011920.
4. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
5. CSWR-Texas holds CCN number 13290 which obligates it to provide retail water service in its certificated service area in Angelina, Aransas, Austin, Burleson, Burnet, Camp,

Denton, Ellis, Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Kerr, Llano, Lubbock, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties.

6. CSWR-Texas owns multiple public water systems registered with the TCEQ.

Application

7. On April 28, 2022, the applicants filed the application it issue in this proceeding.
8. CSWR-Texas supplemented and amended the application on May 9 and June 14 and 20, 2022.
9. In the application, the applicants seek approval of the following transaction: (a) CSWR-Texas will acquire all of Amberwood's water facilities and water service area under water CCN number 12163; (b) Amberwood's water CCN number 12163 will be cancelled; and (c) CSWR-Texas's water CCN number 13290 will be amended to include the area previously included in Amberwood's water CCN number 12163.
10. The requested area comprises approximately 78 acres and 54 customer connections.
11. The requested area is located approximately three miles northwest of downtown Humble, Texas, and is generally bounded on the north by Spring Creek; on the east by Maple Harvest Lane; on the south by Arbury Glen Lane; and on the west by Lee Road.
12. In Order No. 3 filed on July 6, 2022, the ALJ found the application administratively complete.

Notice

13. On July 14, 2022, CSWR-Texas filed the affidavit of Aaron Silas, regulatory case manager of CSWR-Texas, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on July 14, 2022.
14. In Order No. 4 filed on August 17, 2022, the ALJ found notice sufficient.

Evidentiary Record

15. In Order No. 5 filed on October 28, 2022, the ALJ admitted the following evidence into the record: (a) the application, including confidential attachments, filed on April 28, 2022; (b) CSWR-Texas's amendments and supplements to the application filed on May 9 and June 14 and 20, 2022; (c) Commission Staff's recommendation on administrative completeness filed on July 5, 2022; (d) CSWR-Texas's affidavit of notice to current

customers, neighboring utilities, and affected parties, including confidential exhibit B, filed on July 14, 2022; (e) Commission Staff's recommendation on sufficiency of notice filed on August 15, 2022; and (f) Commission Staff's recommendation on the transaction, including confidential attachments, filed on September 12, 2022.

Cumulative Recommendation

16. On September 12, 2022, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR-Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all areas included in this docket and in Docket Nos. 50251,¹ 50276,² 50311,³ 50989,⁴ 51003,⁵ 51026,⁶ 51031,⁷

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²⁹ *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 52803 (pending).*

³⁰ *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879, Notice of Approval (Sept. 21, 2022).*

³¹ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

³² *Application of Simply Aquatics, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate of Rights in Montgomery, Sabine, and San Augustine Counties, Docket No. 53238 (pending).*

Purchaser's Compliance History

17. CSWR-Texas has not been under enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
18. There is no evidence CSWR-Texas has a history of continuing mismanagement or misuse of revenues as a utility service provider.
19. CSWR-Texas demonstrated a compliance history that is adequate for approval of the sale to proceed.

Adequacy of Existing Service

20. Amberwood has several violations listed in the TCEQ database, which means the service currently provided to the requested area is inadequate. CSWR-Texas stated that it intends to invest the capital required to make the upgrades, renovations, and repairs necessary to bring the water system into compliance with TCEQ regulations and to ensure customers receive safe and reliable service.
21. There is no evidence in the record that Amberwood has failed to comply with any Commission or TCEQ order.

³³ *Application of CSWR-Texas Utility Operating Company, LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

³⁴ *Application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 53317 (pending).*

³⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).*

³⁶ *Application of CSWR-Texas Utility Operating Company LLC and Deer Springs Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53429 (pending).*

³⁷ *Application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano County, Docket No. 53430 (pending).*

³⁸ *Application of CSWR-Texas Utility Operating Company, LLC and Lake Limestone Coves Water System, Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Limestone and Robertson Counties, Docket No. 53456 (pending).*

³⁹ *Application of CSWR-Texas Utility Operating Company, LLC and North Orange & Sewer, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Orange County, Docket No. 53483 (pending).*

⁴⁰ *Application of Chaparral Water System and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate of Rights in Gillespie County, Docket No. 53607 (pending).*

Need for Additional Service

22. There is a continuing need for service because Amberwood currently serves 54 customer connections in the requested area.
23. This is an application to transfer only existing facilities, customers, and service area.
24. There have been no specific requests for additional service within the 78-acre requested area.

Effect of Approving the Transaction and Granting the Amendment

25. All retail public utilities in the proximate area were provided notice of the transaction taking place in this application and none filed a protest or motion to intervene.
26. There is no evidence that approval of the transaction will have any adverse effect on any other retail public utility providing service in the proximate area.
27. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR-Texas to provide continuous and adequate water service to current and future customers in the 78-acre requested area.
28. There will be no effect on landowners in the requested area because the requested area is currently certificated.

Ability to Serve: Managerial and Technical

29. CSWR-Texas owns and operates multiple public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
30. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR-Texas.
31. CSWR-Texas employs or contracts with TCEQ-licensed water operators who will operate the public water system.
32. No additional construction is necessary for CSWR-Texas to provide service to the requested area.
33. CSWR-Texas has access to an adequate supply of water and is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water Code (TWC), and the TCEQ's rules.

34. CSWR-Texas has the technical and managerial capability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

35. Amberwood is currently serving customers and has sufficient capacity.
36. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities would need to be constructed. At a minimum, an interconnect would need to be installed in order to connect to a neighboring retail public utility.
37. It is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

38. It will not be necessary for CSWR-Texas to construct a physically separate water system to serve the requested area.
39. Because the requested area will not require construction of a physically separate water system, consideration of regionalization or consolidation with another retail public utility is not required.

Ability to Serve: Financial Ability

40. CSWR, LLC, the immediate parent company of CSWR-Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio that is less than one, satisfying the leverage test.
41. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
42. CSWR-Texas demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

Financial Assurance

43. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

44. The requested area will continue to be served with existing infrastructure.
45. There will be minimal effects on environmental integrity and on the land as a result of CSWR-Texas's planned upgrades, renovations, and repairs to the water system.

Improvement of Service or Lowering Cost to Customers

46. Water service to the requested area will improve because CSWR-Texas intends to address and resolve regulatory compliance issues and improve the safety and reliability of service.
47. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR-Texas will adopt the currently in effect tariff for the Amberwood's water system upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(a) through (c).
2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.
3. CSWR-Texas demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC §§ 13.241(a) and 13.301(b) and 16 TAC § 24.239(e).
4. The applicants demonstrated that the sale and transfer of CCN number 12163 and its associated facilities and service areas to CSWR-Texas will serve the public interest and is necessary for the continued service, accommodation, convenience, or safety of the public under TWC §§ 13.246(b) and 13.301(d) and (e).

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between CSWR-Texas and Amberwood in this proceeding is approved and may be completed as proposed.

2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period and no extension has been granted, this approval is void and the applicants must reapply for approval.
5. The applicants are advised that the requested area and associated facilities will remain under CCN number 12163 and held by Amberwood until the final order or notice of approval is issued in this matter, in accordance with Commission rules.
6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 3rd day of November 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



KATIE MOORE MARX
ADMINISTRATIVE LAW JUDGE

DOCKET NO. 53607

APPLICATION OF CHAPARRAL	§	PUBLIC UTILITY COMMISSION
WATER SYSTEM AND CSWR-TEXAS	§	
UTILITY OPERATING COMPANY,	§	OF TEXAS
LLC FOR SALE, TRANSFER, OR	§	
MERGER OF FACILITIES AND	§	
CERTIFICATE RIGHTS IN GILLESPIE	§	
COUNTY	§	

ORDER NO. 5
APPROVING SALE AND TRANSFER TO PROCEED

This Order addresses the application of Chaparral Water System and CSWR-Texas Utility Operating Company, LLC for approval of the sale, transfer, or merger of facilities and certificate rights in Gillespie County. The applicants seek approval of the sale and transfer of all facilities and service area held under Chaparral Water's certificate of convenience and necessity (CCN) number 10959 to CSWR-Texas, the cancellation of Chaparral Water's CCN number 10959, and the amendment of CSWR-Texas's CCN number 13290 to include the facilities and service area previously included in Chaparral Water's CCN number 10959. The administrative law judge (ALJ) approves the transaction between Chaparral Water and CSWR-Texas and the transaction may be completed as proposed.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicants

1. Chaparral Water was a Texas corporation registered with the Texas secretary of state under file number 51709800.
2. Chaparral Water owns and operates a public water system registered with the Texas Commission on Environmental Quality (TCEQ) under identification number 0860010.
3. CSWR-Texas is a Texas limited liability company registered with the Texas secretary of state under file number 803367893.
4. CSWR-Texas is an investor-owned utility that operates, maintains, and controls facilities for providing water service in Angelina, Aransas, Austin, Burleson, Burnet, Camp, Ellis,

Erath, Guadalupe, Harris, Hays, Hidalgo, Hood, Kerr, Llano, Lubbock, McCulloch, Montague, Navarro, Parker, Victoria, Wilson, and Wood counties under CCN number 13290.

Application

5. On May 13, 2022, CSWR-Texas and Chaparral Water filed the application at issue in this proceeding.
6. The applicants supplemented the application on June 14 and 20, 2022.
7. In the application, as supplemented, the applicants seek approval of the following transaction: (a) CSWR-Texas will acquire all of Chaparral Water's water service area and facilities held under CCN number 10959; (b) Chaparral Water's CCN number 10959 will be cancelled; and (c) CSWR-Texas's CCN number 13290 will be amended to include the facilities and service area previously included in Chaparral Water's CCN number 10959.
8. The requested area includes approximately 91 acres and 51 customer connections.
9. The requested area is located approximately 7.9 miles southeast of downtown Fredericksburg, Texas, and is generally bounded on the north by US Highway 290; on the east by Woodland Drive; on the south by a line approximately 125 feet south of and parallel to Chaparral Drive; and on the west by Barrett Road.
10. In Order No. 2 filed on June 14, 2022, the ALJ found the application, as supplemented, administratively complete.

Notice

11. On June 30, 2022, CSWR-Texas filed the amended affidavit of Aaron Silas, regulatory case manager of CSWR-Texas, attesting that notice was provided to all current customers, neighboring utilities, and affected parties on June 27, 2022.
12. In Order No. 3 filed on July 26, 2022, the ALJ found notice sufficient.

Evidentiary Record

13. In Order No. 4 filed on September 28, 2022, the ALJ admitted the following evidence into the record: (a) the application and all attachments, including confidential attachments, filed on May 13, 2022; (b) CSWR-Texas's supplemental attachment B to the application filed on June 14, 2022; (c) CSWR-Texas's supplemental attachment G-1 to the application filed

on June 20, 2022; (d) Commission Staff's recommendation on administrative completeness filed on June 13, 2022; (e) CSWR-Texas's amended affidavit of notice to current customers, neighboring utilities, and affected parties, including confidential exhibit B, filed on June 30, 2022; (f) Commission Staff's recommendation on sufficiency of notice filed on July 25, 2022; and (g) Commission Staff's recommendation on approval of the transaction filed on August 26, 2022.

Cumulative Recommendation

14. On August 26, 2022, Commission Staff filed its recommendation regarding the transaction in this docket recommending that CSWR-Texas has the financial, managerial, and technical capability to provide continuous and adequate service to all area included in this docket and in Docket Nos. 50251,¹ 50276,² 50311,³ 50989,⁴ 51003,⁵ 51026,⁶ 51031,⁷

¹ *Application of JRM Water LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50251, Notice of Approval (Mar. 12, 2021).*

² *Application of North Victoria Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Victoria County, Docket No. 50276, Notice of Approval (Mar. 11, 2021).*

³ *Application of Copano Heights Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 50311, Notice of Approval (Mar. 17, 2021).*

⁴ *Application of Ranch Country of Texas Water Systems, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Austin County, Docket No. 50989, Notice of Approval (Apr. 23, 2021).*

⁵ *Application of Oak Hill Ranch Estates Water and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Guadalupe and Wilson Counties, Docket No. 51003, Notice of Approval (Aug. 9, 2021).*

⁶ *Application of Tall Pines Utility, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Harris County, Docket No. 51026, Notice of Approval (Apr. 23, 2021).*

⁷ *Application of Council Creek Village, Inc. dba Council Creek Village dba South Council Creek 2 and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51031, Notice of Approval (Apr. 14, 2021).*

51036,⁸ 51047,⁹ 51065,¹⁰ 51089,¹¹ 51118,¹² 51126,¹³ 51130,¹⁴ 51146,¹⁵ 51222,¹⁶ 51544,¹⁷
51642,¹⁸ 51917,¹⁹ 51928,²⁰ 51940,²¹ 51981,²² 52089,²³ 52099,²⁴ 52410,²⁵ 52661,²⁶ 52700,²⁷

⁸ *Application of Kathie Lou Daniels dba Woodlands West and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burleson County, Docket No. 51036, Notice of Approval (Aug. 23, 2021).*

⁹ *Application of Jones-Owen Company dba South Silver Creek I, II, and III and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 51047, Notice of Approval (Apr. 19, 2021).*

¹⁰ *Application of Treetop Utilities, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51065, Corrected Notice of Approval (Mar. 10, 2021).*

¹¹ *Application of Donald E. Wilson dba Quiet Village II dba QV Utility CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hidalgo County, Docket No. 51089, Notice of Approval (Nov. 18, 2021).*

¹² *Application of Shady Oaks Water Supply Company, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wilson County, Docket No. 51118, Notice of Approval (Mar. 18, 2021).*

¹³ *Application of Shawn M. Horvath dba Aero Valley Water Service and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, or Merger of Facilities and to Amend CSWR-Texas Utility Operating Company, LLC's Certificate of Convenience and Necessity in Denton County, Docket No. 51126 (pending).*

¹⁴ *Application of Laguna Vista Limited and Laguna Tres, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 51130, Notice of Approval (Apr. 20, 2021).*

¹⁵ *Application of Abraxas Corporation and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker County, Docket No. 51146, Notice of Approval (Apr. 23, 2021).*

¹⁶ *Application of David Petty, Executor of the Estate of Patetreen Petty McCoy dba Big Wood Springs Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Wood County, Docket No. 51222, Notice of Approval (Feb. 16, 2022).*

¹⁷ *Application of Franklin Water Service Co. LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Lubbock County, Docket No. 51544, Notice of Approval (Feb. 15, 2022).*

¹⁸ *Application of James L. Nelson dba WaterCo and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montague County, Docket No. 51642, Notice of Approval (Mar. 15, 2022).*

¹⁹ *Application of Rocket Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hays County, Docket No. 51917, Notice of Approval (Mar. 8, 2022).*

²⁰ *Application of Betty J. Dragoo and CSWR-Texas Utility Operating Company, LLC For Sale, Transfer, or Merger of Facilities and Associated Acreage in Erath County, Docket No. 51928, Notice of Approval (Jan. 21, 2022).*

²¹ *Application of Walnut Bend Water Supply and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer or Merger of Facilities and Certificate Rights in Angelina County, Docket No. 51940, Notice of Approval (Mar. 15, 2022).*

²² *Application of Live Oak Hills and Flag Creek Ranch Water Systems and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano and McCulloch Counties, Docket No. 51981, Notice of Approval (Jan. 28, 2022).*

52702,²⁸ 52803,²⁹ 52879,³⁰ 52880,³¹ 53259,³² 53317,³³ 53326,³⁴ 53429,³⁵ 53430,³⁶ 53238,³⁷
and 53456.³⁸

²³ *Application of Alpha Utility of Camp County, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Camp County, Docket No. 52089, Notice of Approval (Mar. 25, 2022).*

²⁴ *Application of THRC Utility, LLC and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Navarro County, Docket No. 52099, Corrected Notice of Approval (Jul. 28, 2022).*

²⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Leon Springs Utility Co., Inc. for Sale, Transfer, or Merger of Facilities and Certificate Rights in Bexar County, Docket No. 52410, Notice of Approval (Jun. 3, 2022).*

²⁶ *Application of Tri-County Point Property Owners Association and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Calhoun and Jackson Counties, Docket No. 52661 (pending).*

²⁷ *Application of RJR Water Company and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Parker and Palo Pinto Counties, Docket No. 52700 (pending).*

²⁸ *Application of CSWR-Texas Utility Operating Company, LLC and Fremont Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Kerr County, Docket No. 52702, Notice of Approval (Aug. 5, 2022).*

²⁹ *Application of Copano Cove Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 52803 (pending).*

³⁰ *Application of Carroll Water Company, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Ellis County, Docket No. 52879 (pending).*

³¹ *Application of Texas Landing Utilities and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Polk and Montgomery Counties, Docket No. 52880 (pending).*

³² *Application of CSWR-Texas Utility Operating Company, LLC and Cody and Anita Lewis dba Cassie Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53259 (pending).*

³³ *Application of CSWR-Texas Utility Operating Company, LLC and Jusryn Company, Inc. dba Shady Grove Sewer System for Sale, Transfer, or Merger of Facilities and Certificate Rights in Hood County, Docket No. 53317 (pending).*

³⁴ *Application of CSWR-Texas Utility Operating Company, LLC and Aransas Bay Utilities Co., LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Aransas County, Docket No. 53326 (pending).*

³⁵ *Application of CSWR-Texas Utility Operating Company, LLC and Deer Springs Water Company for Sale, Transfer, or Merger of Facilities and Certificate Rights in Burnet County, Docket No. 53429 (pending).*

³⁶ *Application of CSWR-Texas Utility Operating Company, LLC and Water Works I and II for Sale, Transfer, or Merger of Facilities and Certificate Rights in Llano County, Docket No. 53430 (pending).*

³⁷ *Application of Simply Aquatics, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Montgomery, Sabine, and San Augustine Counties, Docket No. 53238 (pending).*

³⁸ *Application of Limestone Coves Water System, Inc. and CSWR-Texas Utility Operating Company, LLC for Sale, Transfer, or Merger of Facilities and Certificate Rights in Limestone and Robertson Counties, Docket No. 53456 (pending).*

CSWR-Texas's Compliance History

15. CSWR-Texas has not been under enforcement action by the Commission, TCEQ, Texas Health and Human Services, the Office of the Texas Attorney General, or the United States Environmental Protection Agency in the past five years for non-compliance with rules, orders, or state statutes.
16. CSWR-Texas does not have a history of continuing mismanagement or misuse of revenues as a utility service provider.
17. CSWR-Texas demonstrated a compliance history that is adequate for approval of the transaction to proceed.

Adequacy of Existing Service

18. There are currently 51 connections in the requested area that are being served by Chaparral Water through public water system number 0860010, and such service has been continuous.
19. Chaparral Water has active violations listed in the TCEQ database.
20. CSWR-Texas plans to make upgrades, renovation and repairs to the public water system to address the violations and return the system to compliance.
21. The Commission's complaint records, which date back to 2017, show one complaint against Chaparral Water, which has been closed.
22. There is no evidence in the record that Chaparral Water has failed to comply with any Commission or TCEQ order.

Need for Additional Service

23. There are currently 51 customer connections in the requested area that are receiving service from Chaparral Water and have an ongoing need for service.
24. This is an application to transfer only existing facilities, customers, and service area.
25. There is no evidence of specific requests for additional service within the requested area.

Effect of Approving the Transaction and Granting the Amendment

26. Approving the sale and transfer to proceed and granting the CCN amendment will obligate CSWR-Texas to provide continuous and adequate water service to current and future customers in the requested area.

27. Because this application is to transfer only existing facilities, customers, and service area, there will be no effect on any other retail public utility servicing the proximate area.
28. There will be no effect on landowners in the requested area because the requested area is currently certificated.

Ability to Serve: Managerial and Technical

29. CSWR-Texas owns and operates several public water systems registered with TCEQ and does not have any active violations listed in the TCEQ database.
30. The Commission's complaint records, which date back to 2017, show 12 complaints against CSWR-Texas.
31. CSWR-Texas employs or contracts with TCEQ-licensed operators who will operate the public water system.
32. No additional construction is necessary for CSWR-Texas to provide service to the requested area.
33. After completion of the planned upgrades, renovation and repairs to the water system, CSWR-Texas will have access to an adequate supply of water and will be capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, chapter 13 of the Texas Water Code (TWC), and the TCEQ's rules.
34. CSWR-Texas has the technical and managerial capability to provide continuous and adequate service to the requested area.

Feasibility of Obtaining Service from Adjacent Retail Public Utility

35. Chaparral Water is currently providing service to customers and such service has been continuous and adequate.
36. Obtaining service from an adjacent retail public utility would likely increase costs to customers because new facilities will need to be constructed. At a minimum, an interconnection would need to be installed in order to connect to an adjacent retail public utility.
37. It is not feasible to obtain service from an adjacent retail public utility.

Regionalization or Consolidation

38. The construction of a physically separate system is not necessary for CSWR-Texas to serve the requested area. Therefore, consideration of regionalization or consolidation is not required.

Ability to Serve: Financial Ability

39. CSWR, LLC, the immediate parent company of CSWR-Texas, is capable, available, and willing to cover temporary cash shortages, and has a debt-to-equity ratio that is less than one, satisfying the leverage test.
40. CSWR, LLC provided a written guarantee of coverage of temporary cash shortages and demonstrated that it has sufficient cash available to cover any projected operations and maintenance shortages in the first year five years of operations after completion of the transaction and possesses the cash and leverage ability to pay for capital improvements and necessary equity investments, satisfying the operations test.
41. CSWR-Texas demonstrated the financial capability and stability to pay for the facilities necessary to provide continuous and adequate service to the requested area.

Financial Assurance

42. There is no need to require CSWR-Texas to provide a bond or other financial assurance to ensure continuous and adequate service.

Environmental Integrity and Effect on the Land

43. The requested area will continue to be served with existing infrastructure.
44. There will be minimal effects on environmental integrity and on the land as a result of CSWR-Texas's planned upgrades, renovations, and repairs to the water system.

Improvement of Service or Lowering Cost to Customers

45. Reliability and quality of water is expected to improve under CSWR-Texas's management.
46. The rates charged to customers in the requested area will not change as a result of the proposed transaction because CSWR-Texas will adopt the currently in effect tariff for the water systems upon consummation of the transaction.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The applicants provided notice of the application that complies with TWC §§ 13.246 and 13.301(a)(2) and 16 Texas Administrative Code (TAC) § 24.239(a) through (c).
2. After consideration of the factors in TWC § 13.246(c), CSWR-Texas demonstrated that it is capable of rendering continuous and adequate service to every customer within the requested area, as required by TWC § 13.251.
3. CSWR-Texas demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area as required by TWC §§ 13.241(a) and 13.301(b).
4. The applicants demonstrated that the sale and transfer of CCN number 10959 and its associated facilities and service area to CSWR-Texas will serve the public interest and is necessary for the continued service, accommodation, convenience, or safety of the public under TWC §§ 13.246(b) and 13.301(d) and (e).

III. Ordering Paragraphs

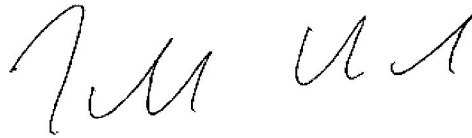
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The transaction between CSWR-Texas and Chaparral Water in this proceeding is approved and may be completed as proposed.
2. As soon as possible after the effective date of the transaction, but not later than 30 days after the effective date, the applicants must file proof that the transaction has been completed and customer deposits, if any, have been addressed.
3. The applicants have 180 days from the date of this Order to complete the transaction.
4. Under 16 TAC § 24.239(m), if the transaction is not completed within this 180-day period and no extension has been granted, this approval is void and the applicants will have to reapply for approval.
5. The applicants are advised that CCN number 10959, and the associated facilities and service area, will continue to be held by Chaparral Water until the final order or notice of approval is issued in this matter, in accordance with Commission rules.

6. In an effort to finalize this case as soon as possible, the applicants must continue to file monthly updates regarding the status of the closing and submit documents evidencing that the transaction was completed.
7. Within 15 days following the filing of the applicants' proof that the transaction has been completed and customer deposits, if any, have been addressed, Commission Staff must file a recommendation regarding the sufficiency of the documents and propose a schedule for continued processing of this docket.

Signed at Austin, Texas the 3rd day of October 2022.

PUBLIC UTILITY COMMISSION OF TEXAS



JEFFREY J. HUHN
ADMINISTRATIVE LAW JUDGE

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SCHEDULE WORKPAPERS

Confidential and/or Highly Sensitive Schedule Workpapers will be provided pursuant to the terms of the Protective Order.

DOCKET NO. 54565

APPLICATION OF CSWR-TEXAS	§	BEFORE THE
UTILITY OPERATING COMPANY,	§	PUBLIC UTILITY COMMISSION
LLC FOR AUTHORITY TO CHANGE	§	OF TEXAS
RATES		

PROTECTIVE ORDER

This Protective Order governs the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face “PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 54565” (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.¹ Protected Materials also must not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.
3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.

¹ TEX. GOV'T CODE ANN. §§ 552.001- .353 (West 2019 & Supp.).

4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party is required to file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its "Reviewing Representatives" who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff must be informed of the existence and coverage of this Protective Order and will observe the restrictions of the Protective Order.
6. **Highly Sensitive Protected Material Described.** The term "Highly Sensitive Protected Materials" is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by Texas Utilities Code § 182.052; (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; or (d) business

operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. 54565” (or words to this effect) and must be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party’s designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.

7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.**

Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party is required to maintain a record of all copies made of Highly Sensitive Protected Material and must send a duplicate of the record to the producing party when the copy or copies are made. The record must specify the location and the person possessing the copy. Highly Sensitive Protected Material must be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes must themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.**

With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party’s counsel, or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party’s counsel who have been authorized by the presiding officer to review Highly

Sensitive Protected Materials. The Reviewing Party must limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, must consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material.** A producing party is required to provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.
10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs will control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff OPC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party is required to also deliver

one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC, and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party) and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.

12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.
13. **Restriction on Copying by Commission Staff, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being

furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.

15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection; agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. 54565. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein must not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order must, before inspection of such material, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party is required to provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification must be executed prior to any disclosure. A Reviewing Representative may disclose Highly

Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification is required to continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which must be provided to the Reviewing Parties under Paragraphs 9, and voluminous Protected Materials, the producing party is required to provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding according to this Protective Order, but a record must be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party is required to provide the party asserting confidentiality with a copy of that record.
18. **Procedures Regarding Voluminous Protected Materials.** 16 Texas Administrative Code (TAC) §22.144(h) (TAC) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.
19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which will commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period will reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying

the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.

20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials must be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.
22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived from the Protected Materials are to be treated confidentially by the Reviewing Party and must not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials must be maintained in a secure place and must not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to ensure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission must be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents must be marked "PROTECTED MATERIAL" and must be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) must notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) must otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.
24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials will nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials must be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its

right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation.**

Parties intending to use Protected Materials must notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. 54565 at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party must first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party will at any time be able to file a written motion to challenge the designation of information as Protected Materials.

26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality must file with the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period will be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it must do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure must not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials must be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.
29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order precludes any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for

more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.

30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence must be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, “conclusion of these proceedings” refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph prohibits counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel will remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,² the Texas Securities Act³ and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to disclosure pursuant to those acts. Such notice is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party must notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party must notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party must use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal

² Tex. Gov't Code Ann. § 551.001-551.146 (West 2019 & Supp.).

³ Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43 (West 2019 & Supp.).

or civil investigation that relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined.** “Notify” for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party must tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party is required to file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party must serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party’s argument for non-disclosure must do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the

terms of this Protective Order, the presiding officer will stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC §22.161.
38. **Modification of Protective Order.** Each party will have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, will be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party will not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party will be entitled to pursue any other form of relief to which it is entitled.

ATTACHMENT A

Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. 54565. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here will not apply.

Signature

Party Represented

Printed Name

Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

Signature

Party Represented

Printed Name

Date

ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

Signature

Party Represented

Printed Name

Date

DOCKET NO. 54565

APPLICATION OF CSWR-TEXAS	§	BEFORE THE
UTILITY OPERATING COMPANY,	§	PUBLIC UTILITY COMMISSION
LLC FOR AUTHORITY TO	§	OF TEXAS
CHANGE RATES	§	

**CSWR-TEXAS UTILITY OPERATING COMPANY, LLC'S
STATEMENT OF CONFIDENTIALITY**

CSWR-Texas Utility Operating Company, LLC ("CSWR-Texas" or the "Company") has designated as Protected Material or Highly Sensitive Protected Material certain documents in its Statement of Intent and Application for Authority to Change Rates. The Company considers the information identified below to be competitively sensitive commercial or financial information, or trade secret information, that is highly sensitive and exempted from disclosure under the Public Information Act. Tex. Gov't Code §§ 552.101 and 552.110. Additionally, some of the information is proprietary information exempted from disclosure under the public information act under Tex. Gov't Code § 552.1101. The public disclosure of this information would cause substantial competitive harm to CSWR-Texas, CSWR-Texas affiliates, or third parties with whom CSWR-Texas has an ongoing business relationship. This Statement of Confidentiality sets forth the reasons why each document is designated highly sensitive. Each document described below merits the Protected Material designation or Highly Sensitive Protected Material designation.

I. DESCRIPTION OF CONFIDENTIAL MATERIAL

A. Schedule Workpapers

The schedule workpapers included enterprise-wide financial statements containing competitively sensitive financial information about CSWR-Texas and its affiliates. This information is considered highly sensitive by CSWR-Texas and its affiliates. Further, the statements include competitively sensitive financial and business information unique to CSWR-Texas and its affiliates and revealing such information would result in a competitive disadvantage

to CSWR-Texas or its affiliates. These workpapers are considered highly sensitive under Gov't Code §§ 552.1101 and 552.110.

The schedule workpapers also include a copy of the Company's Cost Allocation manual, which is not publicly available and is considered highly sensitive by CSWR-Texas and its affiliates. Further, the manual includes competitively sensitive financial and business information unique to CSWR-Texas and its affiliates and revealing such information would result in a competitive disadvantage to CSWR-Texas and its affiliates. These workpapers are highly sensitive under Gov't Code §§ 552.1101 and 552.110.

The schedule workpapers contain highly sensitive salary information included on federal tax reporting forms which contain identifiable information about specific CSWR-Texas employees. Personal financial information regarding specific employees is considered highly sensitive. Furthermore, public disclosure of the information could harm CSWR-Texas and its parent by creating a competitive disadvantage in the market for attracting and retaining qualified employees. The information is exempt from disclosure under Tex. Gov't Code §§ 552.101 and 552.110.

The schedule workpapers contain customer-specific information including the personal addresses of customers, names of customers, water usage of customers, and revenue and payment information for specific customers. This personal information is highly sensitive, is treated as highly sensitive by CSWR-Texas, and should not be revealed to the public. Release of the information could lead to customer complaints, and would allow competitors of CSWR-Texas access to CSWR-Texas's customer information. Release of the information would therefore commercially harm CSWR-Texas. The information is therefore exempt from disclosure under Tex. Gov't Code §§ 552.101 and 552.110.

The schedule workpapers contain information regarding specific customer complaint records. The complaint information contains addresses and other sensitive information about identifiable customers that are highly sensitive and should not be revealed to the public. Moreover, the customer complaint records reveal sensitive information about CSWR-Texas's operations that a competitor could use to their competitive advantage. Release of the information could and commercially harm CSWR-Texas. The information is exempt from disclosure under Tex. Gov't Code §§ 552.101 and 552.110.

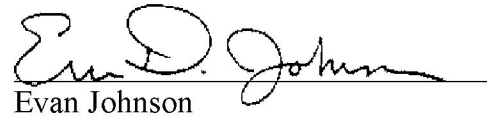
Certain schedule workpapers contain general ledger entries containing prices and rates for goods and services that are not publicly available and is considered highly sensitive by third parties. The pricing information are commercially sensitive and public disclosure would cause competitive harm to CSWR-Texas or the parties from whom it receives goods and services. The information is exempt from disclosure under Tex. Gov't Code §§ 552.101 and 552.110.

The schedule workpapers contain agreements with third-party developers negotiated at arms-length. These agreements contain highly sensitive, commercially sensitive pricing information and contractual terms. In addition, the workpapers include numerous invoices containing negotiated rates that are not generally known to the public. The public disclosure of this information would cause substantial competitive harm to CSWR-Texas and third parties with whom CSWR-Texas has an ongoing business relationship because a competitor of CSWR-Texas or of a vendor could use this information to their competitive advantage. The information is exempt from disclosure under Tex. Gov't Code §§ 552.101 and 552.110.

II. STATEMENT OF COUNSEL

The undersigned counsel for CSWR-Texas has reviewed the foregoing material sufficiently to state in good faith that the information contained therein is highly sensitive for at least the reasons stated above.

Respectfully submitted,


Evan Johnson